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On the History of Development of the Oil Industry in Northern Azerbaijan at the Crossroads of 19th and 20th Centuries

Abstract

It is known that in the XIX-early XX centuries the evolution (development) of oil business in Northern Azerbaijan has come a long way. Until the early XIX century, the oil industry here was purely artisanal, but the Absheron oil fields played a significant role in the income of the khan's treasury. Immediately after the Russian occupation in 1806, the oil fields that came under the control of the new colonial regime were handed over for ransom. The main reason for this was the backward feudal economic system of the Russian Empire, as well as the complete ignorance. However, the reforms carried out by the new owners of petrol matter after the shameful defeat in the Crimean War (1853-1856) significantly accelerated the socio-economic development of the empire, and the demand for oil increased significantly. As a result, tsarism abolished the ransom system in February 1872, and in December the oil lands were put up for auction in what looked like 'de facto private property'. In a short time, Baku oil became the main link in the imperial fuel complex, the world's 'Oil Academy'. The rapid development of the oil industry played an important role in many areas of the socio-economic, socio-political and cultural restoration of Northern Azerbaijan.

Keywords: *Baku, oil, Romanovs Russia, occupation, evolution, oil boom, oil academy, auction*

XIX. ve XX. yy'ın Dönüm Noktasında Kuzey Azerbaycan'daki Petrol Endüstrisinin Gelişim Tarihi Üzerine

Öz

19. yüzyıldan 20. yüzyılın başlarına kadar Kuzey Azerbaycan'da petrol ticaretinin gelişiminin uzun bir yol kat ettiği bilinmektedir. 19. yüzyılın başlarına kadar buradaki petrol endüstrisi tamamen zanaatkardı, ancak Abşeron petrol sahaları hanın hazinesinin gelirinde önemli bir rol oynuyordu. 1806 yılındaki Rus işgalinin hemen ardından yeni sömürge rejiminin kontrolüne giren petrol yatakları fidye karşılığında teslim edilmiştir. Bunun temel nedeni Rus İmparatorluğu'nun geri kalmış feodal ekonomik sistemi yanında, tamamen cehalettir. Ancak, Kırım Savaşı'ndaki (1853-1856) utanç verici yenilginin ardından petrol maddesinin yeni sahipleri tarafından yapılan reformlar, imparatorluğun sosyo-ekonomik gelişimini önemli ölçüde hızlandırdı ve petrole olan talep önemli ölçüde arttı. Sonuç olarak, çarlık Şubat 1872'de fidye sistemini kaldırdı ve Aralık ayında petrol arazileri 'fiilen (de facto) özel mülkiyet' gibi görünen bir şekilde müzayedeye çıkarıldı. Kısa bir süre içinde Bakü petrolü emperyal yakıt kompleksinin, dünyanın "Petrol Akademisi"nin ana halkası haline geldi. Petrol endüstrisinin hızlı gelişimi, Kuzey Azerbaycan'ın sosyo-ekonomik, sosyo-politik ve kültürel restorasyonunun birçok alanında önemli bir rol oynadı.

Anahtar Kelimeler: Bakü, petrol, Romanovlar Rusyası, işgal, evrim, petrol patlaması, 'petrol akademisi', çeşme, müzayedeye

Introduction

In the XIX – early XX centuries, much work was done to study the history of Azerbaijan's oil industry. Although very valuable information about the state of the Baku oil fields and the evolution of the oil business was collected in Russian-language sources and literature of the XIX century, significant scientific research on the history of this field was carried out during the XX century. B. Akhundov, A. Sumbatzade, M. Ismayilov, S. Aliyarli, M. Jafarov, M. Mammadov, Sh. Salimov and many others did a lot in this regard. However, a number of features of the oil business evolution during this period, including the role of the rapid development of the oil industry in socio-economic, socio-political, cultural and ideological evolution, have not yet been sufficiently studied.

Results

The rapid economic development brought about by the reforms after the severe defeat in the Crimean War required radical changes in the oil matter, as a result of which in 1872 the oil industry was transferred to a market economy. The oil boom became a serious locomotive

of the local economy, gave a powerful impetus to the formation of the national bourgeoisie, and this last social force played an important role in the development of the national intelligentsia and public figures. All of this played an important role in the rapid development of national self-consciousness and the restoration of national statehood in the late XIX – early XX centuries.

Discussion

As is known, the Azerbaijani oil and oil business have a rich thousand-year history. Even in ancient times, our oil and oil products, known as “Midia oil”, were used not only for various domestic and veterinary purposes on the Absheron Peninsula and in other regions of Azerbaijan, but also in various ways it was delivered to neighboring countries, was widely used in everyday life, medicine and veterinary medicine, fuel, building materials and as ointments. The very rich oil fields of Absheron, oil “springs” coming out of these fields, gas “fountains” erupting into the sea and on land, “volcano”, “shades” of oil carved in the sands of Shuvelan and others, seem wonderful for their time. His blessings amazed travelers and others who visited our country from time to time. About these wonders of nature, these blessings of God were written and told more than once by those who came to our Motherland from many parts of the world for different purposes, and some even built a temple here - the Surakhan temple (Azerbaijan tarixi III, 2007; Azerbaijan tarixi IV, 2007).

Despite all this, until the middle of the XIX century, production in the rich Absheron oil fields was purely artisanal and developed very slowly. At the end of the XVIII century and the beginning of the XIX century, the entire South Caucasus, as well as the territory of Azerbaijan, became a battleground between the three empires fighting for dominance here - the Romanovs Russia, the Ottoman Empire and the Gajar Iran. Despite all the efforts of the United Kingdom and France, which understood that the Russian Empire was seeking control over the transit trade routes between Asia and Europe, in the first third of the XIX century, the Romanov Empire defeated the declining Ottoman Empire in four wars, then the emerging Gajar Empire and conquered the Southern Caucasus. As a result of these wars, all the lands of Northern Azerbaijan, from the borders of Georgia and Derbent to Surmali, from Borchaly and Signagh to Lankaran and Astara, from Jar and Balakan to Erivan, Nakhchivan and Karabakh, became a colony of the Romanov Empire.

Even during the first Russian-Gajar war (1804-1813), one of the regions that the Russian invaders really wanted to seize were the Absheron Peninsula and Baku, the capital of the eponymous khanate, surrounded by rich oil fields, with a convenient seaport and a bay. The colonialists even lost the commander-in-chief of the Russian troops in the Caucasus,

General of Infantry Pavel Sisianov: in February 1806, Sisianov was killed at the gates of Baku. However, in early October of the same year, the Baku fortress was occupied by the Romanovs and the oil fields fell into the hands of the Russian occupiers (Ibragimbeyli, 1969).

The invaders, who seized military and political dominance here, were well aware that oil fields and salt lakes were one of the main sources of income for the Baku khan's treasury. The advantages of oil and many oil products also attracted them strongly. Back in 1723, during the next invasion of the Russian invaders into Azerbaijan, in the summer of the same year, the commander of the Russian army that occupied Baku, General Matyushkin, sent white oil to his Tsar Peter I (1682-1725). "Peter the Mad", delighted by the bright light of white oil, wrote to Matyushkin: "Send a thousand pounds, not, ten thousand pounds, no, as much as possible". From the beginning of autumn 1806, the homeland of this miracle was already in the clutches of St. Petersburg. Rich oil wells, salt lakes, multi-colored oil – "nöyüt" and even pure white oil spontaneously flowed to the surface of the earth (we are not mistaken: our fields were so rich that pure white oil was extracted from wells drilled like ordinary water wells). Voskoboynikov, who studied the natural resources of these new colonies under the auspices and consent of the tsarist authorities after the Russian occupation, compiled a detailed description of the natural resources of Absheron, as well as the famous Ilisu baths and the rock salt mines of Nakhchivan. He gave a detailed description of the Absheron oil fields, salt lakes, etc. in an extensive article published in the 1930s in the Journal of the Ministry of Public Education, which enjoyed great prestige in Russian scientific circles at that time. In addition, he spoke about 15 of the operating in Surakhany kerosene wells and devoted much space to a detailed description of these wells (Azerbaijan tarikhi IV, 2007; Jurnal Ministerstva Narodnogo Prosveheniya, 1833).

By the way, according to various sources, even in modern offshore oil fields, a certain amount of kerosene was extracted from newly drilled wells.

But the trouble was that in 1806 the invaders who conquered these riches knew nothing about the oil matter, they had no idea how to profit from oil. Therefore, the Russian authorities decided to ensure a stable income for the imperial treasury by immediately renting out Baku oil fields and salt lakes (according to some sources as early as 1806, and according to some as 1808), and leasing these sources of income for a short period (4-5 years). This situation lasted until 1872. During this period, the tsarist colonists, considering the extremely low income, terminated the treaty several times (1826, 1834, 1850). But then took the oil fields under the economic control of the imperial treasury, and each time returned to the ransom system of obligations with remorse (Azerbaijan tarikhi IV, 2007).

The medieval ransom system did not only justify the hopes of the Russian authorities for large profits, but also seriously hampered the development of the oil industry as a whole. The fact is that the redeemers, most of whom were Armenian businessmen, were not sure that they could again “win” the use of oil fields at the next limited “auctions”, so they tried to get their investments in obligations to the Treasury and earn as much money as possible ... They did not care about the expansion of oil fields, the introduction of new equipment and technologies that require significant costs to increase production, they did not think about cleaning wells, rebuilding mines, finding new oil fields, or improving working conditions.

Naturally, although oil refining was weak, it gradually expanded, and production gradually increased. Individual businessmen and officials engaged in production, transportation, oil refining, etc. tried to introduce certain innovations in the field, albeit on a very limited scale. For example, according to some sources, technical equipment was brought to Baku from Tiflis in 1847 in order to apply the drilling method. Information about the drilling of such a well by the world’s first drilling method in Baku as early as 1848, 11 years before the United States, found its place in our historiography (Azerbaijan tarixi IV, 2007; Gagemeyer, 1845). But on the whole, the economy of the Russian Empire, which was quite backward for its time, based on feudal rules, and the very poor state of the market economy did not create such a large demand for liquid fuel, which could play a major role in sufficiently stimulating the extraction and production of this fuel.

However, the reforms carried out after the infamous defeat in the Crimean War (1853-1856), which shook the empire, accelerated economic development, the growth of industry and railways, as well as the growth of steam maritime transport, increasing the demand for oil and petroleum products almost exponentially. Oil and oil products were becoming one of the main factors of economic development. Since 1859, the oil refineries of Melikov, Kokorev, Gubonin and others began to operate in the mining regions around Baku, and the Witte’s paraffin-candle factory in Pirallahi, in the early 1860s, a new well was drilled (but the master driller ordered the well to be buried immediately, believing that the noise from the well was the sound of hell), production growth is gradually accelerating, after the Shemakhi earthquake of 1859, the first features of the future industrial giant began to appear around Baku (in 1859, the population of this city was less than 9000), a small provincial city that became the center of the province (Azerbaijan tarixi IV, 2007).

In 1871, an oil well drilled in the Baku fields was put into operation, and this perfect technical innovation gave a strong impetus to the rapid expansion of drilling and exploration, the commissioning of deeper oil projects, and the rapid growth of production. It should also

be noted that the colonial regime, on the other hand, gradually realizing that oil would become the most profitable commodity in international markets, finally, in early 1872, agreed to abandon the ransom system and move to a system in the oil industry that would operate on the basis of free enterprise, an independent private economy, and the rules of a market economy.

However, the Romanovs government, which was primarily concerned with the revenues of the tsarist treasury, first introduced a special excise tax on refineries, or rather “oil reservoirs” on February 1, 1872, and two weeks later canceled this system, and promulgated a law on the sale by auction of the oil-producing lands of Absheron at very low prices (10 rubles per year for tithes) and on a long-term (for thirty or more years) lease (in fact, in private ownership). The oil lands of Absheron were divided into 47 plots of 10 dessiatines each (1 dess. = 1,036 ha) and put up for the first auction in December 1872 (Azerbaijan tarikhi IV, 2007; Akty).

These events, which led to the dominance of the rules of the free market economy in the oil business, in a short period of time paved the way for the oil industry to become the locomotive of the economy of Northern Azerbaijan, the leading industry. It was the oil industry that began to play the role of the nucleus of the formation of the industrial giant of Greater Baku. The rapid development of oil production and refining, the emergence of fabulous oil revenues was accompanied by a number of serious socio-economic characteristics and led to significant results.

First, the expansion of oil production and refining led to the emergence of a number of new industries for the Azerbaijani economy, and the more rapid development of a number of traditional industries. The first narrow gauge railway (as well as pipelines) in Azerbaijan was built between oil fields, mechanical production, production and use of electricity, the newest shipyards and ship repair yards for their time, cooper, production of chemicals used in oil production and refining, the emergence and expansion of banking enterprises (banks, trading houses, credit institutions, mutual funds, etc.), rapid population growth (tens of thousands of unskilled laborers, skilled workers and businessmen from different regions of the Caucasus, the Volga region, South Azerbaijan and others who arrived to earn money rushed to Baku, as a result of which the population in 1897 exceeded 110 thousand people; on the eve of the First World War, there were already more than 240 thousand people in Baku, and about 400 thousand in the Big Baku Industrial Region) and so on, all this was associated with the development of the oil industry.

With the commissioning of the Tiflis-Baku railway in 1883, the Baku oil industry and the economy of Azerbaijan as a whole received a shorter and more accessible route to international markets via the Baku-Tiflis-Batum-Poti-Black Sea line.

Oil transportation led to the expansion of not only railways, but also maritime transport and highways (Millions of dollars in oil revenues prompted the Romanovs government, following the Poti-Tiflis-Baku megaproject, to build a pipeline that would invest in a major transportation project such as the Baku-Batum oil pipeline (1897-1907) At the same time, with the commissioning of the Port-Petrovsk-Baku railway at the beginning of the XX century, the oil industry has significantly expanded its access to the markets of the North Caucasus and Russia. The production of the tanker “Zoroastr” and other modern ships was directly related to the development of the oil industry.

The emergence and expansion of various food and light industry enterprises in Baku, Ganja, Shemakha, Derbent, Lankaran was also directly and indirectly related to the needs of the oil industry.

Following the metallurgical industry, both foreign and Russian and local capital began to be invested in the oil industry. The fabulous revenues of Baku oil began to attract Nobels, Rothschilds, Vishaus and Benckendorffs from all over the world. The rapid formation and rapid growth of industrial, banking, financial capital, organization of production and trade led to the emergence of new forms of monopolies, monopoly associations, companies, firms, trading houses, monopoly associations such as the Baku White Oil Industrialists, founded in 1893. Production, processing, transportation, sale, etc. - the most advanced forms of economic organization in the late XIX - early XX centuries dominated both the oil and other industries (see: Azerbaijan tarixi IV, 2007).

The rapid development of the oil industry also contributed to the formation and development of the national capital of Azerbaijan and its transformation into equal competitors with the most serious representatives of Russian and foreign capital in various sectors. Until the 1970s, national investors, mainly concentrated in trade, light and food industries, joined the oil business from the first oil auctions and soon became representatives of the national capital, such as H. Z. Tagiyev, who organized a multi-million production. It is true that Tagiyev sold his oil company to the British in 1896. However, he and his wife managed to retain their membership on the board of directors, owning a 200,000-ruble stake in the British company Oleum, based at his mines. The proceeds from the sale of 5 million rubles allowed him to create the largest giant of the entire Caucasian textile industry – the Caucasian Cloth Factory. He was able to provide decent wages for a significant part of the

population of Baku, employing about 3,000 women, the vast majority of whom were Muslim. The incomes received at the beginning of the XX century by Tagiyev, A. Nagiyev, Sh. Asadullayev, M. Mukhtarov, and others, who were included in the top twenty oil magnates, in turn, played a great role not only in the development of our national economy, but also in the development of the national culture, education of the national intelligentsia and the emergence of Baku architecture. In the second half of the XIX - early XX centuries, the Baku oil industry played an important role in the development of science and culture of Northern Azerbaijan, in the preparation of the national intelligentsia and prominent national political figures.

Conclusion

Unfortunately, most of the income from this natural resource, which God gave to our people, went to the treasury of the colonial Russian Empire, to the pockets of foreign businessmen, and the real owners of this wealth did not get a very large share. According to the calculations of some authors, if the revenues from Baku oil remained in Baku, “it would be possible to cover its streets with gold several centimeters thick ...”.

The oil policy developed and implemented by the Great Leader H. A. Aliyev less than thirty years ago and successfully continued by his worthy successor, President I. H. Aliyev, the large-scale achievements of our young republic in all spheres, even in wartime, at the expense of the income received once again shows that the above conclusion is not in vain.

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